



[Home](#) / [Individuals](#) / [Income and deductions](#) / [In detail](#) / Education and study

## Education and study

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### Claiming self-education expenses – specific expenses

Self-education expenses are the costs you incur to undertake a course of study at a school, college, university or other recognised place of education.

If you work and study and incur self-education expenses you may be eligible for tax deductions. You may also be eligible if you receive a taxable scholarship.

#### Eligibility to claim

Your current employment and the course you undertake must have sufficient connection for your self-education expenses to qualify as a work-related tax deduction. If a course of study is too general in terms of your current income-earning activities, the necessary connection between the self-education expense and your income-earning activity does not exist.

A tax deduction for your self-education expenses related to your work as an employee is available if you work and study at the same time and can satisfy any of these conditions:

- you are upgrading your qualifications for your current employment – for example, upgrading from a Bachelor qualification to a Masters qualification
- you are improving specific skills or knowledge **used** in your current employment – for example, a course that will allow you to operate more machinery at work
- you are employed as a trainee and you are undertaking a course that forms part of that traineeship – for example, an overseas trained person employed as an intern while doing a bridging course
- you can show that at the time you were working and studying, your course led, or was likely to lead, to an increase in employment income – for example, a teacher who will automatically get a pay increase as a result of completing the course.

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#### Example: work-related self-education expenses

Louis is a computer science student who works at the university laboratory installing computers. The course and the job are **generally** related, and what Louis learns might help him in his job.

However, the high-level professional skills Louis acquires are well beyond the skills required for his current job and employment. Consequently, there is not sufficient connection between his job and his course, and he **cannot** claim a deduction for work-related self-education expenses.

The [Self-education expenses calculator \(/Calculators-and-tools/Self-education-expenses/\)](#) will help you work out if you are eligible to claim a tax deduction for work-related self-education expenses.

#### Taxable scholarship recipients

You can claim a deduction for self-education expenses if, in doing the course, you are satisfying study requirements to maintain your right to the scholarship.

### Austudy, ABSTUDY and Youth Allowance recipients

The law has been changed so that, for the 2012 year and later years, you cannot claim a deduction for expenses you incur that relate only to your receipt of Austudy, ABSTUDY and Youth Allowance to study.

### Expenses you can claim

Provided you meet one of the eligibility requirements in Are you eligible to claim? the following self-education expenses are allowable tax deductions:

- tuition fees, including fees payable under **FEE-HELP** (this **does not include** expenses paid under **HECS-HELP**)
  - **FEE-HELP** is a loan for eligible fee-paying students enrolled at an eligible higher education provider or Open
    - Universities of Australia
- tuition fees, including fees payable under **VET FEE-HELP**
  - **VET FEE-HELP** is a loan for eligible fee-paying students doing vocational education and training (VET) accredited
    - courses with an approved VET provider
- self-education expenses paid with your **OS-HELP** loan
  - **OS-HELP** is a loan which helps students meet airfares, accommodation and other travel expenses while
    - undertaking some of their study overseas
- textbooks, professional and trade journals
- stationery
- photocopying
- computer expenses
- student union fees
- student services and amenities fees
- accommodation and meals, where the course requirements require you to be away from home for one or more nights
- running expenses if you have a room set aside for self-education purposes – such as the cost of heating, cooling and lighting that room while you are studying in it
- allowable travel expenses.

### Computer expenses

You can claim a deduction only for the self-education related portion of expenses of the:

- interest on money borrowed to finance the cost of a computer
- cost of repairing a computer
- decline in value (depreciation) of the cost of your computer.

### Apportioning expenses

If you did not use your computer solely for self-education purposes, you will need to apportion the claim between private use and use for self-education.

### Example: apportioning expenses

If you use your computer 40% of the time for self-education purposes and 60% for private purposes, you can only claim 40% of the total expense relating to the computer.

A computer upgrade is not a repair. You may claim the cost of an upgrade to an existing computer as part of the decline in value (depreciation) of the computer.

### Interest on borrowings

You can claim the interest on a loan where the funds are used to pay for deductible self-education expenses.

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#### Example: interest on borrowings

Tim is a solicitor undertaking a Master of Law degree part-time. He borrowed \$10,000, repayable over three years, to pay for his tuition fees and incurs \$1,000 interest each year. Tim is entitled to claim a deduction for interest in each of the three years.

### Decline in value (depreciation)

A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

You can claim decline in value expenses on the following items if they are used for self-education purposes:

- computers
- professional libraries
- desks and chairs
- filing cabinets and bookshelves
- calculators
- technical instruments and tools
- other equipment (such as desk lamps).

#### See also:

- [Depreciation and capital allowances tool \(/Calculators-and-tools/Depreciation-and-capital-allowances-tool/\)](#) – Information and assistance with calculating a deduction for a depreciating asset.
- [Guide to depreciating assets \(/GuideToDepreciatingAssets-redirect\)](#) – contains further information about decline in value deductions, balancing adjustments and immediate deductions for certain depreciating assets. It also explains how to pool low-value depreciating assets for which you cannot claim an immediate deduction.

### Accommodation and meals

The day-to-day costs you incur relating to your accommodation and meals are generally a private, non-claimable expense. You may claim the cost of accommodation and meals **only** when you are:

- participating in self-education activities
- required to be temporarily away from home for one or more nights.

### Home study expenses

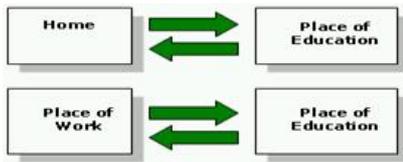
If you have a room set aside for self-education purposes, you may be able to claim decline in value of (and repairs to) your home office furniture and fittings, as well as a portion of the heating, cooling, lighting and cleaning representing the period you use the room for self-education activities. Alternatively, you can use a fixed rate of 45 cents per hour of usage instead of keeping individual costs for heating, cooling, lighting, cleaning and decline in value of furniture for that room.

### Travel expenses

For **work-related** self-education, you can claim the cost of travel where the course requires you to be temporarily away from your home for one or more nights.

You can also claim the cost of daily travel from your:

- home to your place of education and back
- work to your place of education and back.

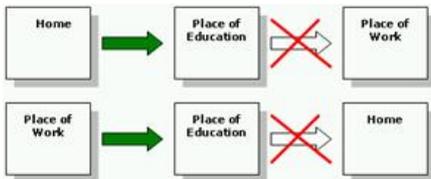


If you receive a **taxable scholarship** and you are not employed by the scholarship provider, you can only claim the cost of travel where there is a course requirement for you to undertake activities at locations other than your normal place of education.

### Travel you can't claim

For **work-related** self education, you cannot claim the cost of the last stage of your travel from:

- home to your place of education, and then to work
- work to your place of education, and then to your home.



However, the expense you incur for the last stage of travel, from your place of education **and then** to your workplace, or place of education **and then** to your home, may be used as a Category E expense (see [table \(?anchor=Category#Category\)](#)).

If you receive a **taxable scholarship** and are not employed by the scholarship provider, you cannot claim the cost of travel from your home to your normal place of education and back. However, these expenses may be used as a Category E expense (see [table \(?anchor=Category#Category\)](#)).

If you use public transport, you should keep a record of the fares paid travelling to and from the locations listed.

If you use a car, you can use one of two methods to calculate your travel expenses.

### See also:

- [Work-related car expenses calculator \(/Calculators-and-tools/Work-related-car-expenses/\)](#).

### Specific expenses you cannot claim

You cannot claim a tax deduction for the following expenses:

- self-education expenses such as tuition fees paid to an education provider by you or the Australian Government under HECS-HELP
- the cost of accommodation and meals associated with day-to-day living expenses
- repayments you make (whether compulsory or voluntary) on debts you may have under the following loan schemes
  - **HECS-HELP**
  - **FEE-HELP**
  - **OS-HELP**
  - **VET FEE-HELP**
  - **SA-HELP**

- SFSS
- Trade Support Loans program (TSL)
- Student Start-up Loan (SSL)
- ABSTUDY Student Start-up Loan (ABSTUDY SSL).

#### See also:

- [When you must repay your loan \(/Individuals/Study-and-training-support-loans/When-must-you-repay-your-loan/\)](#)
- [Compulsory repayments \(/Individuals/Study-and-training-support-loans/Compulsory-repayments/\)](#)
- [Voluntary repayments \(/Individuals/Study-and-training-support-loans/Voluntary-repayments/\)](#)
- [studyassist.gov.au \(http://www.studyassist.gov.au/\)](http://www.studyassist.gov.au/)

### Calculating your claim

Using the [Self-education expenses calculator \(/Calculators-and-tools/Self-education-expenses/\)](#) will give you an estimate of the deduction you may claim for self-education expenses in your tax return.

Alternatively, the following procedures will help you understand how the estimate of your claim is calculated.

The following table shows five categories of expenses and the types of self-education expenses to include in each:

#### Self-education expense categories

Category	Allowable expenses
A	Tuition fees, textbooks, stationery, student union fees, student services and amenities fees, public transport fares, car expenses worked out using the 'logbook' method, running expenses for a room set aside specifically for study.
B	Decline in value (depreciation) deductions such as a computer, desk, or car for which you are claiming a deduction in Category A.
C	Repair costs to assets used for self-education purposes.
D	Car expenses using the 'cents per kilometre' method. You cannot claim car expenses under this category if you have included deductions for decline in value or repairs to your car under category B or C.
E	<p>Expenses you have incurred but cannot use as a deduction – for example:</p> <ul style="list-style-type: none"> <li>• for <b>work-related</b> self-education, travel expenses for the last stage of travel from your <ul style="list-style-type: none"> <li>• home to place of education <b>and then</b> to your workplace, or</li> <li>▫ workplace to your place of education <b>and then</b> to your home</li> </ul> </li> <li>• for <b>taxable scholarship</b> recipients who are not employed by the scholarship provider, travel expenses from your home to your normal place of education and back</li> <li>• child care costs related to attendance at lectures or other self-education activities</li> <li>• capital costs of items acquired in the financial year and used for self-education purposes, such as a computer or desk.</li> </ul> <p>These expenses can be used to offset the \$250 reduction to your Category A expenses</p>

#### \$250 reduction

In certain circumstances you may have to reduce your allowable self-education expenses by \$250.

If the total of your expenses consists solely of Category A items, your total must be reduced by \$250.

### Example: category A expenses

Maureen is an apprentice hairdresser studying hairdressing at a TAFE college. Her course fees, textbooks and public transport fares are all Category A expenses totalling \$290. Maureen can only claim \$40 after the \$250 reduction.

You may have other expenses - some of which are not allowable as a deduction (see Category E) that can be offset against the \$250 before you have to reduce the amount you can claim.

The formula for calculating your claim for work-related self-education expenses is:

$$\text{Total claim estimate} = A - [\$250 - (C+D+E \text{ expenses})] + B + C + D$$

If the total of (C+D+E expenses) is greater than \$250 it is reduced to **0**, not a negative amount.

To calculate an estimate of your claim, complete the steps in the following table:

### Calculate your claim

Step	Action
1	Add together the expenses you incurred for Category A expenses.
2	Add together the totals for your Category C, D and E expenses.
3	Subtract the Step 2 total from \$250. If this is a negative amount, show '0'.
4	Take the Step 3 amount away from the Step 1 amount. If this is a negative amount, show '0'.
5	Add the Step 4 amount to Categories B, C and D expenses. <b>This amount is the estimate of your self-education claim.</b>

**Note:** When calculating travel expenses for a car, you can only use one calculation method. If you choose to include car expenses in Category A using the 'logbook' method, you cannot calculate an amount for Category D using the 'cents per kilometre' method.

You cannot claim car expenses in Category D if you include deductions for decline in value (depreciation) or repairs to your car in Category B or C.

If you are claiming car expenses at more than one question (for example, at D4 'Work-related self-education expenses' and D1 'Work-related car expenses') then you will need to allocate the applicable expenses between the questions.

### Next step:

- [Self-education expenses calculator \(/Calculators-and-tools/Self-education-expenses/\)](#)

### See also:

- [TR 98/9 \(/law/view/document?docid=TXR/TR989/nat/ato/00001\)](#) *Income tax: deductibility of self-education expenses incurred by an employee or a person in business*
- [Eligible courses \(/Individuals/Income-and-deductions/Deductions-you-can-claim/Self-education-expenses/?anchor=Eligiblecourses1#Eligiblecourses1\)](#)

- [Guide to depreciating assets \(/GuideToDepreciatingAssets-redirect\)](#)
- [Deductions you can claim \(/Individuals/Income-and-deductions/Deductions-you-can-claim/\)](#)
- [Work-related travel expenses \(/D2-Work-relatedTravelExpenses-redirect\)](#)
- [Study and training support loans \(/Individuals/Study-and-training-support-loans/\)](#)

If you are unsure about how this information applies to your personal situation, phone us on **13 28 61**.

## Working while you study

### When you are employed

Your employer or other payer will ask you to complete a *Tax file number declaration*. This form allows you to quote your tax file number (TFN) as well as provide other information that helps your employer or other payer calculate the amount of tax to withhold from your pay and send to us.

If you do not have a TFN, or do not know what it is, refer to [Tax file number \(/Individuals/Tax-file-number/\)](#). If you are unsure whether or not you are an Australian resident for tax purposes, see [Work out your tax residency \(/individuals/international-tax-for-individuals/work-out-your-tax-residency/\)](#).

### Tax-free threshold

If you are an Australian resident, you do not pay tax on the first \$18,200 of your income (this is called the 'tax-free threshold').

If you receive a taxable allowance such as Youth Allowance or Austudy, the tax you pay on this allowance normally takes the tax-free threshold into account. If you are also employed, you should not claim the tax-free threshold from your employer or other payer. If you do, you are likely to have to pay a tax bill at the end of the financial year. However, if you are certain that your total income for the year from all sources will be less than \$18,200 you can claim the tax-free threshold from each of your payers.

A part-year tax-free threshold applies if you became, or ceased to be, an Australian resident.

### Payment summary

At the end of the financial year, or when you leave a job, your employer or other payer will provide you with a *PAYG payment summary – individual non-business*, showing your income, the amount of tax they withheld and the period during which they made payments to you.

#### See also:

- [PAYG payment summaries – individual non-business \(/individuals/working/in-detail/payg-withholding/lost-or-missing-payg-withholding-payment-summary/?page=1#Types\\_of\\_payment\\_summaries/\)](#)

#### Next step:

- If you aren't sure whether your employer or other payer is withholding the correct amount of tax from your pay, you can make an estimate online using the [Tax withheld calculator \(/Calculators-and-tools/Tax-withheld-calculator/\)](#).

### Higher education loan schemes

The Higher Education Loan Program (HELP) offers Australian Government loans to students to help them pay their higher education fees and to study overseas. If the Australian Government lends you money under any of the new schemes, you will have a HELP debt.

HELP replaced the:

- Higher Education Contribution Scheme (HECS)
- Postgraduate Education Loan Scheme (PELS)

- Open Learning Deferred Payment Scheme (OLDPS)
- Bridging for Overseas-Trained Professionals Loan Scheme (BOTPLS).

HELP consists of:

- **HECS-HELP** for eligible students enrolled in Commonwealth supported places. A HECS-HELP loan will cover all or part of their student contribution.
- **FEE-HELP** for eligible fee-paying students enrolled at an approved higher education provider or Open Universities Australia. FEE-HELP provides students with a loan to cover up to the full amount of their tuition fees to a limit of \$126,101 for dentistry, medicine or veterinary science courses and \$100,879 for other courses. These are the 2017 amounts and are indexed each calendar year, changing on 1 January each year.
- **OS-HELP** for eligible Commonwealth supported students who wish to study overseas. OS-HELP provides students with a cash loan to cover expenses such as accommodation and travel.
- **VET FEE-HELP** for eligible full-fee paying students undertaking vocational education and training (VET) accredited diploma, advanced diploma, graduate diploma and graduate certificate courses with an approved VET provider.
- **SA-HELP** which assists eligible students to pay for all or part of their student services and amenities fee.

### Student Financial Supplement Scheme

The Student Financial Supplement Scheme (SFSS) was a voluntary loan scheme for tertiary students to help cover their expenses while studying. Five years after the loan was taken out, we take responsibility for collecting the balance of the outstanding loan, which becomes an accumulated Financial Supplement debt.

This means that if you took out a Financial Supplement loan we are now responsible for collecting repayments on your loan. We do this by raising a compulsory repayment on your income tax notice of assessment when your repayment income is above the minimum repayment threshold.

The Student Financial Supplement Scheme closed on 31 December 2003 and new loans are no longer being issued. We will continue to collect existing Financial Supplement debts through the tax system.

### SSL or ABSTUDY SSL

The Student Start-up Loan (SSL) or ABSTUDY Student Start-up Loan (ABSTUDY SSL) scheme started on 1 January 2016 and replaces the previous Student Start-up Scholarship payment.

This is a voluntary loan available to eligible students in higher education who receive Youth Allowance, Austudy or ABSTUDY Living Allowance. The Department of Human Services administers the payments.

#### See also:

- Department of Human Services – [Student Start-up Loan](http://www.humanservices.gov.au/customer/services/centrelink/student-start-up-loan) (<http://www.humanservices.gov.au/customer/services/centrelink/student-start-up-loan>)

### TSL

Under the Trade Support Loans (TSL) programme, eligible Australian apprentices are offered loans of up to \$20,000 over four years. TSL payments are administered by the Australian Apprenticeships Centres and the Department of Education and Training.

#### See also:

- [Department of Social Services: SFSS \(http://guides.dss.gov.au/guide-social-security-law/1/2/7/40\)](http://guides.dss.gov.au/guide-social-security-law/1/2/7/40)

### HELP debts, SSL, ABSTUDY SSL, Financial Supplement debts and the PAYG system

When you start work, you must advise your payer that you have an accumulated HELP, SSL, ABSTUDY SSL or Financial Supplement debt when you complete your tax file number declaration. Your payer must withhold additional amounts when your payments reach the threshold amounts set out in the pay as you go (PAYG) withholding tax tables for the

income year. The additional amounts are withheld to cover any compulsory repayment that may be calculated on your income tax notice of assessment.

To view the percentage rates we apply to different ranges of income, go to [HELP, SSL, ABSTUDY SSL, TSL and SFSS repayment thresholds and rates \(/rates/help,-tsl-and-sfss-repayment-thresholds-and-rates/\)](#).

If your income varies a great deal over the income year (for example, if you work full-time during holidays and part-time while you are studying) you may have a higher amount withheld from your pay while you are working full-time and be entitled to a refund at the end of the income year.

If you do not expect to have a compulsory repayment included on your tax notice of assessment, you can apply to get your payer to stop withholding additional amounts for HELP, SSL, ABSTUDY SSL, TSL or SFSS. You will need to complete and send us a [PAYG withholding variation application \(/Forms/PAYG-withholding-variation-application/\)](#). We will then advise your payer the correct amount to withhold.

## Being your own employer

Many students earn additional income by running small businesses, such as selling craftware, mowing lawns or building websites. You must include business income (like income from employment) in your annual tax return.

### See also:

- [Starting your own business \(/Business/Starting-your-own-business/\)](#)

## Completing your tax return

In order to complete your tax return, you will need to know details of all the income you have received during the year. This includes:

- a PAYG payment summary from each employer or other payer you have worked for during the year
- a PAYG payment summary from Centrelink (if you received Austudy or another benefit)
- details of interest, dividends or business income.

### See also:

- [Lodging your tax return \(/Individuals/Lodging-your-tax-return/\)](#)

## Self-education expenses

If your studies relate to income earning activities, you may be able to claim a deduction for some of the expenses. You may also be able to claim if you receive a taxable scholarship.

### See also:

- [Work-related self-education expenses \(/D4-Work-relatedSelf-educationExpenses-redirect\)](#)
- [When must you repay your loan \(/Individuals/Study-and-training-support-loans/When-must-you-repay-your-loan/\)](#)
- [Study Assist website \(http://studyassist.gov.au/sites/StudyAssist\)](http://studyassist.gov.au/sites/StudyAssist) (has information about eligibility for HELP)
- The [Department of Human Services \(http://www.humanservices.gov.au/\)](http://www.humanservices.gov.au/) (can provide you with information about the first five years of your Financial Supplement loan)

If you aren't sure how this information applies to your situation, phone us on **13 28 61**.

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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